


AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE See Block #2		PAGE OF PAGES 1 of 8	
2. AMENDMENT/MODIFICATION NO. 0003		3. EFFECTIVE DATE 17 MAY 2004		4. REQUISITION/PURCHASE REQ.NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY ESC/NDK CODE ELECTRONIC SYSTEMS CENTER AIR FORCE MATERIAL COMMAND, USAF 11 EGLIN STREET, BLDG. 1618 HANSCOM AFB, MA 01731-2100 RICHARD P. HALLORAN 781-377-8917 Richard.Halloran@hanscom.af.mil		7. ADMINISTERED BY (If other than Item 6) CODE FA8722					
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)				(X)			
				9A. AMENDMENT OF SOLICITATION NO. FA8722-04-R-0001			
				9B. DATED (SEE ITEM 11)			
				10A. MODIFICATION OF CONTRACT/ORDER NO.			
				10B. DATED (SEE ITEM 13)			
CODE		FACILITY CODE					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<input checked="" type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input checked="" type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by tele gram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. ACCOUNTING AND APPROPRIATION DATA (If required)							
13. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
(X)							
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: () THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. ITEM 10A.							
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).							
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:							
D. OTHER (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) This amendment to the RFP deletes requirement 8.2.7.8.2.3 from the Government's Technical Requirements Document (TRD). The updated version of the TRD is dated 13 May 2004. Attachment 7, Govt. Furnished Equipment, is updated to add Central Facility Simulator (NSA's Latest Version). The table in Section L, paragraph 1.1 Budget/Funding Information has been updated to correct a formatting error in the table. Also, in Section M, paragraph 4.0, wording in the second paragraph is changed.							
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.							
15A. NAME AND TITLE OF SIGNER (Type or print).				16A. NAME AND TITLE OF SIGNER (Type or print) CHRISTINE M. DOLAN			
15B. CONTRACTOR/OFFEROR		15C. DATE SIGNED		16B. UNITED STATES OF AMERICA		16C. DATE SIGNED	
(Signature of person authorized to sign)				BY  (Signature of Contracting Officer)		21 MAY 04	

The following attachment/exhibit(s) are modified in Section J:

Attachment 4 TECHNICAL REQUIREMENTS DOCUMENT VERSION 2 (FOUO - TO BE PROVIDED UNDER SEPARATE COVER)

Attachment 7 GOVERNMENT FURNISHED EQUIPMENT LIST

Change 1 - Attachment 4 Technical Requirements Document (TRD) Part I

1. TRD Part I, TRD Cover Page is hereby changed

FROM: Version 2 25 March 2004

TO: Version 3 13 May 2004

2. TRD Part I, paragraph 8.2.7.8.2.3 is hereby changed

FROM: "8.2.7.8.2.3 (U// ... Objective)"

TO: "8.2.7.8.2.3 Deleted"

Change 2 - Attachment 7 Government Furnished Equipment

1. GFE Cover Page is hereby changed

FROM: 29 March 2004

TO: 13 May 2004

2. Equipment	NSN	Part Number	Qty Available for GFE
Central Facility Simulator (NSA's Latest Version)	None	None	1

The following clauses are changed in Section L:

ESC-L001 INFORMATION TO OFFERORS AND INSTRUCTIONS FOR PROPOSAL PREPARATION (May 2004)

SC-L001 INFORMATION TO OFFERORS AND INSTRUCTIONS FOR PROPOSAL PREPARATION (MAY 2004)

See individual file named Section L posted to HERBB with the RFP

Change 3 - Section L, Instruction, Conditions, and Notices to Offerors

Section L, paragraph 1.1 Budget/Funding Information, Table 1, is hereby changed

FROM:

Funding Profile for Industry Contracts	Fiscal Years (\$M)							
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Total
Development*	\$17.0	\$40.4	\$30.0	\$5.1				\$92.5
Production (USAF)			\$0.2	\$10.6	\$18.6	\$9.5	\$2.6	\$41.5
Production(USN)		\$0.3	\$19.4	\$14.5	\$6.1	\$3.5		\$43.8

TO:

Funding Profile for Industry Contracts	Fiscal Years (\$M)							
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Total
Development*	\$17.0	\$40.4	\$30.0	\$5.1				\$92.5
Production (USAF)			\$0.2	\$10.6	\$18.6	\$9.5	\$2.6	\$41.5
Production (USN)			\$0.3	\$19.4	\$14.5	\$6.1	\$3.5	\$43.8

Change 4 - Section M, Evaluation Criteria (Mar 2004)

Section M, ESC-M0001 Evaluation Criteria (MAR 2004) Paragraph 4.0, Past Performance Factor

Replace The Government will assess only contract efforts considered

With The Government will assess only contract efforts within the context of a program determined

See Full Text of clause below:

The following clauses are changed in Section M:

ESC-M001 EVALUATION CRITERIA (Mar 2004)**1.0 Basis for Contract Award:**

For Initial System Development & Demonstration (SDD) (Phase I), the Government will select the best overall offer(s), based upon an integrated assessment of Mission Capability, Past Performance, Proposal Risk, and Cost/Price, but reserves the right to award no contract, depending upon the quality of the proposal(s) submitted and the availability of funds. The Government reserves the right to award without discussions. The Government will down-select to only one (1) of the offerors selected to perform the Initial SDD (Phase I), for the SDD Completion (Phase II) effort, Low Rate Initial Production (LRIP) (Phase III) , and Production & Deployment (Phase IV). This is a best value source selection conducted in accordance with Air Force Federal Acquisition Regulation Supplement (AFFARS) 5315.3 Source Selection and the AFMC Supplement (AFMCFARS) thereto. Contract(s) may be awarded to offerors who are deemed responsible in accordance with the Federal Acquisition Regulation (FAR), as supplemented, whose proposal conforms to the solicitation's requirements (to include all stated terms, conditions, representations, certifications, and all other information required by Section L of this solicitation) and is judged, based on the evaluation factors and subfactors, to represent the best value to the Government. Best value means the expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit. This evaluation may result in award(s) to higher rated, higher priced offerors where the decision is consistent with the evaluation factors and the Source Selection Authority (SSA) reasonably determines that the technical superiority and/or overall proposed approach and/or superior past performance of the higher price offerors outweighs the cost difference. To arrive at a best value decision, the SSA will integrate the source selection team's evaluation of the offerors' proposals against the evaluation factors and subfactors. The SSA will perform an integrated assessment of the offerors' proposal ratings, and a comparative analysis of those ratings to arrive at a best value decision. While the Government source selection evaluation team and the SSA will strive for maximum objectivity, the source selection process, by its nature, is subjective and, therefore, professional judgment is implicit throughout the entire process.

1.1. Number of contracts to be awarded

The Government intends to award up to two (2) contracts as a result of this RFP. These two contracts will be considered the Initial SDD (Phase I) contract, which will have a period of performance of twelve (12) months. Prior to the end of performance of Initial SDD (Phase I) the Government will issue a Call for Improvements (CFI) to the contractors, the results of which will be used to down select to a single contractor. The contractor selected as a result of the evaluation of the Call for Improvements information will continue performance for SDD Completion (Phase II), LRIP (Phase III) and Production & Deployment (Phase IV). The evaluation factors used in all phases are as contained within. For all phases, the Government reserves the right to award without discussions. The Government also reserves the right to award no contract depending on the quality of proposals submitted and the availability of funds.

1.2 Rejection of Unrealistic Offers

The Government may reject any proposal that is evaluated to be unrealistic in terms of program commitments, including contract terms and conditions, such that the proposal is deemed to reflect an inherent lack of competence or an inherent failure to understand/comprehend the complexity and risks of the program.

1.3. Correction Potential of Proposals

The Government will consider, throughout the evaluation, the "correction potential" of any deficiency or proposal inadequacy. The judgment of such "correction potential" is within the sole discretion of the Government. If an aspect of an offeror's proposal not meeting the Government's requirements is not considered correctable, the offeror may be eliminated from the competitive range.

1.4. Competitive Advantage from Use of GFP

The government will eliminate any competitive advantage resulting from an offeror's proposed use of Government-Furnished Property/Government Furnished Information (GFP/GFI).

2.0 Evaluation Factors and Subfactors and their Relative Order of Importance

Award will be made to the offeror(s) proposing a program most advantageous to the Government based upon an integrated assessment of the evaluation factors described below. The first three evaluation factors (Mission Capability, Past Performance, and Proposal Risk) are equal in importance, and each is more important than the Cost/Price Factor. Within the Mission Capability and Proposal Risk factors, the Subfactors are equal in order of importance.

Factor 1: Mission Capability

Subfactor 1: Architecture

Subfactor 2: Integrated Program Management and System Engineering Processes

Factor 2: Past Performance

Factor 3: Proposal Risk

Subfactor 1: Architecture

Subfactor 2: Integrated Program Management and System Engineering Processes

Factor 4: Cost/Price

3.0 Mission Capability Factor

The offeror's written proposal and oral presentation will be used to evaluate the Mission Capability Factor. The evaluation will assess the offeror's understanding of requirements, thoroughness and completeness of the proposed approach within budget constraints in Section L, and is consistent with their proposed schedule. The Basis of Estimates for Initial SDD (Phase I) & SDD Completion (Phase II) will be used to evaluate the bidder's understanding, thoroughness, and completeness of proposed development effort. In addition, For LRIP (Phase III) and Production & Deployment (Phase IV), the description and explanation of the offeror's methodology used to determine the LRIP/Production estimates will be used to

assess the bidder's understanding of the production effort. ROMs (For SDD Completion, LRIP, and Production & Deployment) shall be used for Program Office planning purposes only and shall not be subject to evaluation.

3.1 Subfactor 1, Architecture

The Government will evaluate the offeror's system architecture and technical approach to comply with the requirements as defined in the Technical Requirements Document (TRD), the Telecommunications Security Requirements Document (TSRD), and the Statement of Objectives (SOO) with additional emphasis on:

- A design that satisfies all threshold requirements of the TRD.
- A design which minimizes changes to the existing legacy system interfaces and equipment beyond those required by the Government
- The thoroughness of the interface information provided as well as an achievable plan for obtaining outstanding information.
- A realistic and achievable design for a nuclear hardened ECU, including any additional modifications the contractor makes to the existing communication systems, that operates through and after nuclear events.
- An architecture which is open and flexible to accommodate future growth requirements
- The thoroughness of the architecture and design tradeoff analysis as well as the process for refining and updating the architecture
- The methodology used to evaluate the tolerance of the architecture and design approach for change as well as the ability to assess those areas that are less tolerant of change

Positive consideration may be given for credible plans for meeting TRD objective requirements, or contractor proposed capabilities which would benefit the Government, which can be accomplished within budget, schedule and without introducing undue risk.

3.2 Subfactor 2, Integrated Program Management and System Engineering Processes

Application of Program Management and System Engineering processes that provide integration of design, development, producability, test, production, certification, fielding and logistics activities for this specific program (KG-3X Modernization). Application is measured by:

- A realistic and achievable Integrated Master Plan (IMP) and Integrated Master Schedule (IMS).
- A work breakdown structure which has been integrated into the IMP and IMS
- Knowledge of producability issues and the application of producability engineering processes to enable smooth transition from engineering design to manufacturing and production processes
- Established process maturity and capability levels that meet the minimum requirements for the KG-3X program as well as soundness of the plans for continuous process improvement and CMMI goals
- The offeror's ability to assess the impact of architecture, design, technology, or requirement changes on the KG-3X system and its individual ECUs
- The offeror's ability to identify program issues early and proactively manage them to eliminate or appreciably reduce their impact
- Level of robustness, responsiveness, and adaptability of processes in an environment of changing technology and requirements. Emphasis will be placed on risk, requirements, and configuration management.
- Usefulness, appropriateness and implementation of leading of leading indicators as well as program metrics

4.0 Past Performance Factor

Under the Past Performance factor, the Performance Confidence Assessment represents the evaluation of an Offeror's and associated key or major subcontractors', inter-divisional transfers, teaming partners', and joint venture partners' present and past work records to assess the Government's confidence the Offeror will successfully perform as proposed. The Government will evaluate the Offeror's and all key or major subcontractors', inter-divisional transfers, teaming partners', and joint venture partners' demonstrated record of contract compliance in supplying products and services that meet user's needs, including cost and schedule. The Past Performance Evaluation is accomplished by reviewing the aspects of an Offeror's and all key or major subcontractors', inter-divisional transfers, teaming partners', and joint venture partners' present and recent past performance, focusing on and targeting performance which is relevant to the Mission Capability subfactors and the requirements of the solicitation. The Government may consider as relevant efforts performed for agencies of federal, state, or local Governments and commercial customers. As a result of an analysis of this past/current work history, each Offeror will receive a Performance Confidence Assessment, which is the rating for the Past Performance factor. Although the past performance evaluation focuses on performance that is relevant to the Mission Capability subfactors, the resulting Performance Confidence Assessment is made at the factor level and represents an overall evaluation of the likelihood of successful contractor performance. This information may include data on efforts performed by other divisions, critical subcontractors, or teaming contractors, if such resources will be brought to bear or significantly influence the performance of the proposed effort.

The Government will evaluate recent and relevant performance to determine the Government's confidence in the offeror's ability to successfully perform the KG-3X effort. In determining recency, the Government will only consider work performed for a five (5) year period ending with the date of the Final Proposal Revision (FPR) if discussions are conducted, or the date of proposal submission if there are no discussions. This will allow offerors to provide the most current past performance information for consideration.

The Government will assess only contract efforts within the context of a program determined to be somewhat relevant, relevant, or very relevant for the prime and relevant for subcontractors, inter-divisional transfers, and partners in the determination of the Confidence rating. Subcontractors, inter-divisional transfers, and partners will be assessed as either relevant or not relevant; in order to be considered Relevant, the effort must have been performed at the same division/location, within the past five (5) years, and must have been the same type effort proposed for the KG-3X program. To be considered, the Prime's efforts must have been performed by the same division and location. Relevancy for prime contractor's efforts will be based on the following criteria:

- 1) Past efforts in the development, integration and/or production of Type I End Cryptographic Units (ECUs)
- 2) Past efforts conducting NSA certification of Type 1 Crypto ECU's
- 3) Past efforts developing, integrating and/or producing nuclear hardened electronic communications equipment
- 4) Past management of \$50 million + program, to include; design, development, certification, fabrication, DT&E, IOT& E of communications equipment
- 5) Past work building equipment to FAA, airborne and militarized requirements
- 6) Past efforts in modifying legacy systems (integrating new equipment into 1970's - 1990's technology)
- 7) Past efforts in architecture and design for expansion
- 8) Past efforts successfully implementing benign techniques

In order to be considered Very Relevant, the offerer must meet criteria 1, 2, 3, 4, 5, and at least 1 of the remaining 3 criteria listed above. To be considered Relevant, the offer must meet criteria 1, 2, 3, and at least 2 of the 5 remaining criteria listed above. To be considered Somewhat Relevant, must meet number 1, plus at least 3 of the remaining 7 criteria listed above.

When an Offeror's relevant performance record indicates performance problems, the Government will consider the number and severity of the problems and the appropriateness and effectiveness of any corrective actions taken (not just planned or promised). The Government may review more recent

contracts or performance evaluations to ensure corrective actions have been implemented and to evaluate their effectiveness.

Each Offeror will receive one of the ratings described in AFFARS 5315.305 for the Past Performance factor. Offerors without a record of relevant past performance or for whom information on past performance is not available will not be evaluated favorably or unfavorably on past performance and, as a result, will receive a "Neutral/Unknown Confidence" rating for the Past Performance factor.

More recent and relevant performance may have a greater impact on the Performance Confidence Assessment than less recent or less relevant effort. A strong record of relevant past performance may be considered more advantageous to the Government than a "Neutral/Unknown Confidence" rating. Likewise, a recent relevant record of favorable performance may receive a higher confidence rating and be considered more favorably than a less recent relevant record of favorable performance.

Past performance information may be obtained through the Contractor Performance Assessment Reporting Systems (CPARS), similar systems of other Government departments and agencies, questionnaires tailored to the circumstances of this acquisition, Defense Contract Management Agency (DCMA) channels, interviews with program managers and contracting officers and other sources known to the Government, including commercial sources. Offerors are to note that, in conducting this assessment, the Government reserves the right to use both data provided by each Offeror and data obtained from other sources.

5.0 Proposal Risk Factor

Proposal Risk will be assessed at the Mission Capability subfactor level described in paragraph 3.0. The offeror's written proposal and oral presentation will be used to evaluate proposal risk. The Proposal Risk assessment focuses on the risks and weaknesses associated with an offeror's proposed approach and includes an assessment of the potential for disruption of schedule, degradation of performance, and the need for increased Government oversight, as well as the likelihood of unsuccessful contract performance. For each identified risk, the assessment also addresses the offeror's proposal for mitigating the risk and why that approach is or is not manageable.

6.0 Cost/Price

Each offeror's cost/price proposal will be evaluated in accordance with the following:

- a. Each offeror's cost/price proposal will be evaluated using one or more of the techniques defined in FAR 15.404 in order to determine if it is reasonable and realistic.
- b. Initial SDD (Phase I): Offerors proposal will be evaluated in accordance with meeting the exact Firm Fixed Price stipulated in Section B clause B028 Contract Type: Firm Fixed Price (Feb 1997) (Tailored) of the model contract.
- c. SDD Completion (Phase II) and LRIP (Phase III) The Government will evaluate the realism of each offerors' proposed cost. This will include an evaluation of the extent to which proposed costs indicate a clear understanding of solicitation requirements and reflect a sound approach to satisfying those requirements. The Cost/Price Realism Assessment (CPRA) will consider technical/management risks identified during the evaluation of the proposal and associated costs. Cost information supporting a cost judged to be unrealistically low and technical/management risk associated with the proposal will be quantified by the Government evaluators and included in the CPRA for each offeror. When the Government evaluates an offer as unrealistically low compared to the anticipated costs of performance and the offeror fails to sufficiently explain these underestimated costs, the Government will consider, under applicable Proposal Risk subfactor, the offeror's lack of understanding of the technical requirements of the corresponding Mission Capability subfactor.

The proposed estimated cost shall not be the controlling factor for source selection purposes. Proposals will be evaluated at the Government's Estimate of Most Probable Cost (GEMPC) as determined by the CPRA.

d. Production & Deployment (Phase IV): The offerors Firm Fixed Price will be evaluated using various price analysis techniques.

7.0 Evaluation Methodology

a. A color rating will be assigned to each subfactor under the Mission Capability Factor. The color rating depicts how well the offeror's proposal meets the Mission Capability subfactor requirements in accordance with the stated evaluation criteria and solicitation requirements. Each subfactor within the Mission Capability Factor will receive one of the four color ratings described in AFFARS 5315.305(a)(3)(A), based on the assessed strengths and proposal inadequacies of each offeror's proposal as it relates to each of the Mission Capability subfactors. Subfactor ratings will not be combined into a single color rating for the Mission Capability factor.

b. A Performance Confidence Assessment will be assigned to the Past Performance factor. Performance confidence represents the Government's confidence in an offeror's ability to successfully perform as proposed based on an assessment of the offeror's present and past work record. Each offeror will receive one of the ratings described in AFFARS 5315.305(a)(2)(E) for the Past Performance factor. As a result of an integrated analysis of those risks and strengths identified, each offeror will receive a single integrated Performance Confidence Assessment. The Performance Confidence Assessment will be the sole rating for the Past Performance factor.

c. A proposal risk rating will be assigned to each Mission Capability subfactor under the proposal risk factor. Proposal risk represents the risks identified with an offeror's proposed approach as it relates to the evaluation criteria and solicitation requirements. Each subfactor under the Proposal Risk factor will receive one of the Proposal Risk ratings described in AFFARS 5315.305(a)(3)(B).

d. Cost/Price will be evaluated as described in AFFARS 5315.305(a).

8.0 Plant Visits

The Source Selection Evaluation Team (SSET) will conduct plant visits for the purpose of oral presentations to supplement the information submitted in the written proposal. The Government will notify offerors of desired visitation dates no later than one week after proposals are received.

9.0 Solicitation Terms and Conditions

Offerors are required to meet all solicitation requirements, such as terms and conditions, representations and certifications, and technical requirements, in addition to those identified as factors and subfactors to be eligible for award. Failure to comply with the terms and conditions of the solicitation may result in the offeror being removed from consideration for award. Any exceptions to the solicitation's terms and conditions must be fully explained and justified.

<end of clause>